



GENETEC TECHNOLOGY BERHAD

Company No.:199701030038 (445537-W)
(Incorporated in Malaysia)

Interim Report for the

First Quarter Ended

30 June 2023

Contents

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	1
Condensed Consolidated Statement of Financial Position	2
Condensed Consolidated Statement of Changes in Equity	3
Condensed Consolidated Statement of Cash Flows	4
Notes to the Condensed Financial Statements	5 - 10

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 30/06/2023 RM'000	Preceding Year Corresponding Quarter 30/06/2022 RM'000	Current Year To-date 30/06/2023 RM'000	Preceding Year Corresponding Period 30/06/2022 RM'000
Revenue		75,702	73,211	75,702	73,211
Cost of sales		(52,301)	(52,321)	(52,301)	(52,321)
Gross Profit		23,401	20,890	23,401	20,890
Interest income		157	17	157	17
Other operating income		8,755	9,660	8,755	9,660
Distribution expenses		(1,985)	(2,736)	(1,985)	(2,736)
Administrative expenses		(3,583)	(2,651)	(3,583)	(2,651)
Other operating expenses		(3,896)	(3,387)	(3,896)	(3,387)
Profit from operations		22,849	21,793	22,849	21,793
Finance costs		(698)	(799)	(698)	(799)
Net (loss)/gain on financial assets and financial liabilities at fair value		(2,363)	(1,551)	(2,363)	(1,551)
Share of loss of joint venture		(1)	-	(1)	-
Profit before taxation	26	19,787	19,443	19,787	19,443
Taxation	18	(1,000)	(800)	(1,000)	(800)
Profit for the financial period		18,787	18,643	18,787	18,643
Other comprehensive income/(expense)					
Foreign currency translation differences of foreign operations		(371)	(302)	(371)	(302)
Total comprehensive income for the financial period		18,416	18,341	18,416	18,341
Profit attributable to:					
Equity holders of the parent		17,380	18,493	17,380	18,493
Non-controlling interest		1,407	150	1,407	150
Profit for the financial period		18,787	18,643	18,787	18,643
Total comprehensive income attributable to:					
Equity holders of the parent		17,009	18,191	17,009	18,191
Non-controlling interest		1,407	150	1,407	150
Total comprehensive income for the financial period		18,416	18,341	18,416	18,341
Earnings per share (sen):-	25				
(a) Basic		2.32	2.71	2.32	2.71
(b) Fully diluted		2.30	2.68	2.30	2.68

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2023 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<u>Note</u>	(Unaudited) As at end of current quarter 30/06/2023 RM'000	(Audited) As at preceding financial year ended 31/03/2023 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		123,488	114,183
Intangible assets		5,060	5,060
Investment in joint venture		-	1
Deferred tax assets		2,647	2,647
		131,195	121,891
Current assets			
Inventories		13,170	16,800
Derivative financial assets		-	175
Trade receivables		74,837	119,169
Current tax assets		800	-
Other receivables		12,262	14,386
Contract assets		103,471	48,068
Other investment		140,386	147,120
Cash and cash equivalents		57,210	32,672
		402,136	378,390
TOTAL ASSETS		533,331	500,281
EQUITY AND LIABILITIES			
Share capital		267,135	266,207
Reserves		147,559	130,761
Equity attributable to equity holders of the parent		414,694	396,968
Non-controlling interest		10,736	9,329
Total equity		425,430	406,297
Non-current liabilities			
Borrowings	20	4,837	4,496
Hire purchase liabilities	20	3,804	3,644
Lease liabilities		161	94
Deferred tax liability		806	806
		9,608	9,040
Current liabilities			
Borrowings	20	43,565	45,432
Hire purchase liabilities	20	1,823	1,670
Lease liabilities		216	173
Current tax liabilities		-	94
Derivative financial liabilities	21	2,363	-
Contract liabilities		6,662	1,060
Trade payables		34,300	29,007
Other payables		9,364	7,508
		98,293	84,944
TOTAL EQUITY AND LIABILITIES		533,331	500,281
Net assets per share (RM)*		0.55	0.53

Note:

* Net assets per share attributable to shareholders of the Company : Equity attributable to equity holders of the parent /Number of issued shares

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2023 and the accompanying explanatory notes attached to the interim financial statements.

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Non Distributable			Distributable	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
	Share Capital RM'000	Share Option Reserve RM'000	Translation Reserve RM'000	Retained Profits RM'000			
<u>3 months ended 30 June 2022</u>							
Balance at 1 April 2022	88,215	1,125	(1,319)	64,574	152,595	8,200	160,795
Foreign currency translation	-	-	(302)	-	(302)	-	(302)
Profit for the financial year	-	-	-	18,493	18,493	150	18,643
Balance at 30 June 2022	88,215	1,125	(1,621)	83,067	170,786	8,350	179,136
<u>3 months ended 30 June 2023</u>							
Balance at 1 April 2023	266,207	1,125	(1,571)	131,207	396,968	9,329	406,297
Foreign currency translation	-	-	(371)	-	(371)	-	(371)
Share options exercised	928	(211)	-	-	717	-	717
Profit for the financial year	-	-	-	17,380	17,380	1,407	18,787
Balance at 30 June 2023	267,135	914	(1,942)	148,587	414,694	10,736	425,430

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2023 and the accompanying explanatory notes attached to the interim financial statements.

GENETEC TECHNOLOGY BERHAD
Company No.:199701030038 (445537-W)
INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2023

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited) 3 months ended 30/06/2023 RM'000	(Audited) 3 months ended 30/06/2022 RM'000
Operating Activities		
Profit before tax	19,787	19,443
Adjustments for:		
Depreciation of property, plant and equipment	1,523	901
Gain on disposal of property, plant and equipment	(24)	1
Property, plant and equipment written off	-	6
Interest costs	698	799
Interest income	(157)	(17)
Change in fair value of other investment	(1,266)	(4)
Unrealised derivative loss	2,363	1,551
Unrealised foreign exchange gain	(4,738)	(6,541)
Share of loss of joint venture	1	-
	<hr/>	<hr/>
Operating profit before changes in working capital	18,187	16,139
Changes in working capital		
Inventories	3,630	16,637
Trade and other receivables	51,338	(24,722)
Contract assets/liabilities	(49,801)	-
Trade and other payables	7,180	476
	<hr/>	<hr/>
Net cash generated from/(used in) operating activities	30,534	8,530
Income tax paid	(1,894)	(972)
	<hr/>	<hr/>
Net cash generated from/(used in) operating activities	28,640	7,558
Investing Activities		
Interest received	157	17
Proceeds from disposal of property, plant and equipment	24	-
Purchase of property, plant and equipment	(10,671)	(1,294)
Uplift of other investment	8,000	500
	<hr/>	<hr/>
Net cash generated from/(used in) investing activities	(2,490)	(777)
Financing Activities		
Proceeds from issuance of shares	717	-
Net (repayment)/drawdown of bank borrowings	(1,710)	(11,522)
Net (repayment)/drawdown of term loan	184	(398)
Net drawdown of hire purchase liabilities	313	221
Payment of lease liabilities	(47)	(42)
Interest paid	(698)	(799)
	<hr/>	<hr/>
Net cash generated from/(used in) financing activities	(1,241)	(12,540)
Net change in cash and cash equivalents	24,909	(5,759)
Effect of exchange rate changes	(371)	(302)
Cash and cash equivalents at beginning of year	32,672	31,226
	<hr/>	<hr/>
Cash and cash equivalents at end of period/year	<u>57,210</u>	<u>25,165</u>
Cash and cash equivalent comprise of:-		
Cash and bank balances	<u>57,210</u>	<u>25,165</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2023 and the accompanying explanatory notes attached to the interim financial statements.

NOTES TO THE INTERIM FINANCIAL REPORT

The figures have not been audited

1. BASIS OF PREPARATION

The interim financial report has been prepared in accordance with the requirements of the Malaysia Financial Reporting Standard ("MFRS"), MFRS 134: Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the ACE Market.

The interim financial report should be read in conjunction with the audited financial statements of Genetec Technology Berhad ("Genetec" or the "Company") for the financial year ended 31 March 2023. These explanatory notes attached to the interim financial report provides an explanation of the events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2023.

The significant accounting policies and methods of computation adopted by Genetec and its subsidiary companies ("Genetec Group " or the "Group") in this interim financial report are consistent with those adopted in the financial statements for the financial year ended 31 March 2023.

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:-

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction and International Tax Reform – Pillar Two Model Rules*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- Amendment to MFRS 16, *Leases – Lease liability in a Sale and Leaseback*
- Amendment to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendment to MFRS 107, *Statement of Cash Flows* and Amendments to MFRS 7, *Financial Instruments: Disclosures – Supplier Finance Arrangements*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company do not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on or after 1 January 2023 as it is not applicable to the Group and the Company.

The initial application of the abovementioned accounting standards, interpretations or amendments are not expected to have any material financial impact to the current period and prior period financial statements of the Group and the Company.

2. AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS

There was no audit qualification on the annual financial statements of the Company and its subsidiaries for the financial year ended 31 March 2023.

3. SEASONALITY OR CYCLICALITY OF INTERIM OPERATIONS

The business of the Group is not affected by any significant seasonal or cyclical factors for the current quarter under review.

4. UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

During the current quarter under review, there was no item or event, which affected assets, liabilities, equity, net income or cash flows that are unusual by reasons of their nature, size or incidence.

5. MATERIAL CHANGE IN ESTIMATES

There was no material change in the nature and amount of estimates reported that may have a material effect on the results for the current quarter under review.

6. ISSUANCES, CANCELLATIONS, REPURCHASES, RESALE AND REPAYMENTS OF DEBT AND EQUITY SECURITIES

There were no issues, cancellation, repurchase, resale or repayments of debt and equity securities for the period ended 30 June 2023.

7. DIVIDEND PAID

No dividend was paid during the current quarter under review.

8. SEGMENT INFORMATION

Business segment information is not presented as the Group is primarily engaged in one business segment which is designing and building of smart automation systems, customised factory automated equipment and integrated systems from conceptual design, development of prototype to mass replication of equipment.

9. PROPERTY, PLANT AND EQUIPMENT

There was no revaluation on any of the Group's property, plant and equipment during the current quarter under review.

10. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM REPORTING PERIOD

There is no material event affecting the Group subsequent to the current quarter under review.

11. CHANGES IN THE COMPOSITION OF THE GROUP

There was no change in the composition of the Group for the current quarter under review.

12. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There was no contingent liabilities or contingent assets as at 30 June 2023 and up to the date of this report.

13. CAPITAL COMMITMENTS

The capital commitment as at 30 June 2023 are as follows:

	RM'000
Property, plant and equipment	
Authorised but not contracted for	26,313

14. REVIEW OF PERFORMANCE

For the current quarter ended 30 June 2023, the Group recorded a revenue of RM75.7 million, an increase of RM2.5 million or 3.4% as compared to the revenue of RM73.2 million recorded in the corresponding quarter ended 30 June 2022.

The Group has recorded a net profit before tax of RM19.8 million for current quarter under review as compared to a net profit before tax of RM19.4 million recorded in the corresponding quarter ended 30 June 2022. The increase in profit before tax in the current quarter was mainly due to higher sales volume achieved by the Group.

15. COMPARISON WITH PRECEDING QUARTER'S RESULTS

Revenue of the Group increased by RM10.1 million or 15.4% to RM75.7 million for the current quarter under review as compared to RM65.6 million recorded in the preceding quarter ended 31 March 2023.

The Group recorded a net profit before tax of RM19.8 million, an increase of RM6.2 million or 45.6% as compared to a net profit before tax of RM13.6 million for the immediate preceding quarter. The increase in profit before tax was mainly due to higher sales volume achieved by the Group in the current quarter and absence of one-off expense of RM3.0 million in relation to private placement exercise which was incurred in the immediate preceding quarter.

16. PROSPECT

For the current quarter under review, the Group continues to deliver stable performance, showing consistent growth momentum backed by supports from our existing major customers in Electric Vehicle and Energy Storage segments.

In tandem with the global renewable energy transition, the group developed Battery Energy Storage System (BESS) in order to capture the opportunities in BESS market arising from the world's increasing demand for green energy.

In addition, the Group will continue to invest in research and development to equip with cutting-edge technology and talented team to standby for any forthcoming business opportunities. Meanwhile, the Group will actively participate in bidding for new projects with an aim to expand its customer base.

Barring unforeseen circumstances, the Group is confident to continue in delivering solid earnings for the remaining quarters of the financial year ending 2024.

17. VARIANCE ON PROFIT FORECAST/PROFIT GUARANTEE

Not applicable as Genetec has not issued any profit forecast or profit guarantee in a public document.

18. TAXATION

	Individual Quarter		Cumulative Quarter	
	Current Period Quarter	Preceding Year Corresponding Quarter	Current Period To-date	Preceding Year Corresponding Period
	30.06.2023 RM' 000	30.06.2022 RM' 000	30.06.2023 RM' 000	30.06.2022 RM' 000
Malaysia income tax:-				
- current taxation	(1,000)	(800)	(1,000)	(800)

The effective tax rate of the Group for the financial period ended 30 June 2023 was lower than the statutory tax rate due to availability of pioneer status tax incentive.

19. STATUS OF CORPORATE PROPOSAL

Private Placement

On behalf of the Company's Board of Directors, CIMB Investment Bank Berhad ("CIMB") had on 12 January 2023 announced that the Company proposed to undertake a private placement exercise involving the issuance of up to 71,669,520 new ordinary shares ("Proposed Private Placement").

Bursa had vide its letter dated 31 January 2023 approved the listing and quotation of up to 71,669,520 new ordinary shares in the Company to be issued pursuant to the Proposed Private Placement. The Company has fixed the issue price for the Private Placement comprising 68,196,180 Placement Shares at RM2.61 on 31 January 2023.

On behalf of the Company's Board of Directors, CIMB had on 15 February 2023 announced the completion of the Proposed Private Placement with the listing and quotation of 68,196,180 new ordinary shares on the ACE Market.

At the date of this report, the proposed and actual utilisation of RM178 million proceeds raised from the issuance for a total of 68,196,180 new ordinary shares at issue price per placement share of RM2.61 pursuant to the Private Placement are as follows:-

	Proposed Utilisation RM'000	Actual Utilisation RM'000	Available for Utilisation RM'000	Expected Utilisation Time Frame
Expansion of manufacturing facilities	94,000	78,774	15,226	Within 36 months
Working capital requirements	80,992	27,213	53,779	Within 24 months
Estimated Expenses in relation to the Private Placement	3,000	3,000	-	Within 1 month
	177,992	108,987	69,005	

20. BORROWINGS

Details of the Group's borrowings as at 30 June 2023 are as follows:-

Current	RM'000
Unsecured: Hire purchase	1,823
Secured: Term loan	1,285
Trade bills	42,280
	<u>45,388</u>

Non-current	RM'000
Unsecured: Hire purchase	3,804
Secured: Term loan	4,837
	<u>8,641</u>

21. FINANCIAL INSTRUMENTS

Derivatives

As at 30 June 2023, the foreign currency forward contracts which have been entered into by the Group to hedge against foreign trade receivable are as follows:-

Forward Foreign Currency Contracts	Contract Value (RM'000)	Fair Value (RM'000)	Difference (RM'000)
US Dollar - Less than 1 year	56,649	59,012	(2,363)

All derivative financial instruments held by the Group will be recognized as assets or liabilities in the balance sheet, and will be classified as financial assets or financial liabilities at fair value through profit and loss. When derivative financial instruments are recognised initially, they are measured at fair value. Any gain or loss from changes in fair value of the derivatives financial instruments will be recognised as profit or loss.

There is no change to the Group's financial risk management policies in managing these derivatives, its related accounting policies and the market risk associated with these derivatives since the last financial year.

22. MATERIAL LITIGATIONS

As at the date of this report, neither the Company nor its subsidiaries is engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the Company or its subsidiaries and the Board of Directors does not know of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the position or business of the Company or its subsidiaries.

23. DIVIDEND PAYABLE

The Board of Directors does not recommend the payment of any interim dividend for the period ending 30 June 2023.

24. DISCLOSURE OF REALISED AND UNREALISED PROFITS

The breakdown of the retained profits of the Group as at 30 June 2023 and 31 March 2023 into realised and unrealised profits are as follows:-

	As at 30.06.2023 RM'000	As at 31.03.2023 RM'000
Total retained profits of the Group:-		
- Realised	139,098	122,627
- Unrealised	4,216	1,910
	<u>143,314</u>	<u>124,537</u>
Consolidation adjustments	<u>5,273</u>	<u>6,670</u>
Total retained profits as per statement of financial position	<u>148,587</u>	<u>131,207</u>

25. EARNINGS PER SHARE

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.2023 RM' 000	Preceding Year Corresponding Quarter 30.06.2022 RM' 000	Current Year To-date 30.06.2023 RM' 000	Preceding Year Corresponding Period 30.06.2022 RM' 000
Basic earnings per share EPS				
Net Profit attributable to equity holders of the parent	17,380	18,493	17,380	18,493
Weighted average number of ordinary shares in issue ('000)	750,306	681,962	750,306	681,962
Basic EPS (sen)	2.32	2.71	2.32	2.71
Diluted earnings per share EPS				
Net Profit attributable to equity holders of the parent	17,380	18,493	17,380	18,493
Weighted average number of ordinary shares in issue ('000)	757,064	690,222	757,064	690,222
Diluted EPS (sen)	2.30	2.68	2.30	2.68

26. PROFIT BEFORE TAXATION

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.2023 RM' 000	Preceding Year Corresponding Quarter 30.06.2022 RM' 000	Current Year To-date 30.06.2023 RM' 000	Preceding Year Corresponding Period 30.06.2022 RM' 000
Profit before taxation is arrived after charging/(crediting):				
Depreciation of property, plant and equipment	1,523	901	1,523	901
Property, plant and equipment written off	-	6	-	6
Fair value gain on other investments	(1,266)	(4)	(1,266)	(4)
(Gain)/Loss on disposal of property, plant and equipment	(24)	1	(24)	1
Net derivatives loss/(gain):				
- Realised	1,054	666	1,054	666
- Unrealised	2,363	1,551	2,363	1,551
Net foreign exchange loss/(gain):				
- Realised	265	(105)	265	(105)
- Unrealised	(4,738)	(6,541)	(4,738)	(6,541)